

**The Church of Jesus of Christ of Latter-Day Saints Trust Board**

**Consolidated Financial Statements  
31 December 2012**



**Photo:** Hamilton, New Zealand Temple

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And he called them by name, saying: "Ye shall call on the Father in my name, in mighty prayer; and after ye have done this ye shall have power that to him upon whom ye shall lay your hands, ye shall give the Holy Ghost; and in my name shall ye give it, for thus do mine apostles".

Moroni 2:2 (Book of Mormon)

**Image:** Christ ordaining the 12 Apostles by Harry Anderson

**The Church of Jesus Christ of Latter-Day Saints Trust Board**

**Statement of Comprehensive Income**

**For the year ended 31 December 2012**

*In thousands of New Zealand Dollars*

	Note	2012	2011
<b>Income</b>			
Grants, tithing and other donations			
Grant income		10,020	15,114
Donations		35,150	33,475
		45,170	48,589
<b>Sales income</b>			
Sale of Literature and Supplies		979	1,095
Other sales income		114	143
Cost of sales		(1,357)	(1,259)
Gross profit		(264)	(22)
<b>Other income</b>			
Rental income		1,151	1,411
Gain (Loss) on sale of assets		546	416
Other income		710	1,337
Interest income		414	224
Foreign exchange gains/ (losses)		(11)	(3)
		2,810	3,385
<b>Expenditure</b>			
Remuneration and other employee benefits	7	18,666	17,386
Defined benefit plan movements (excluding actuarial movements)		(504)	19
General and administrative expenses		11,142	12,553
Facility lease and operating costs		9,078	9,972
Depreciation		10,372	6,247
Grants, donations, humanitarian and local unit expenses		5,288	4,711
<b>Total expenditure</b>	6	54,040	50,888
<b>Surplus for the year</b>		(6,324)	
<b>Other comprehensive income</b>			
Defined benefit plan actuarial gains/ (losses)	13	1,635	(1,268)
<b>Total comprehensive income for the year</b>		(4,689)	(204)

**The Church of Jesus Christ of Latter-Day Saints Trust Board**

**Statement of Changes in Equity  
For the year ended 31 December 2012  
In thousands of New Zealand Dollars**

	Note	Retained earnings	Reserves	Total Equity
<b>Balance 1 January 2011</b>		154,368	19,036	173,404
Total comprehensive income for the year				
Surplus for the year		1,064	-	1,064
Other comprehensive income		(1,268)	-	(1,268)
Total comprehensive income for the year		(204)	-	(204)
Transactions with non-owners recorded directly in equity				
Transfer between equity reserves	18	(756)	756	-
Transactions with owners recorded directly in equity		22	-	22
<b>Balance 31 December 2011</b>		153,431	19,792	173,223
Total comprehensive income for the year				
Surplus for the year		(6,324)		(6,324)
Other comprehensive income		1,635		1,635
Total comprehensive income for the year		(4,689)	-	(4,689)
Transactions with non-owners recorded directly in equity				
Transfers between equity reserves	18	(1,046)	1,046	-
Transactions with owners recorded directly in equity		-	-	-
<b>Balance 31 December 2012</b>		147,695	20,838	168,533

The accompanying notes form part of these financial statements

**The Church of Jesus Christ of Latter-Day Saints Trust Board**

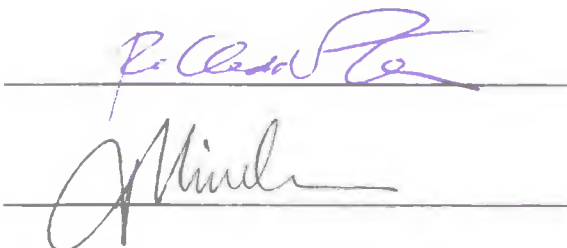
**Statement of Financial Position**

**As at 31 December 2012**

*In thousands of New Zealand Dollars*

	Note	2012	2011
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	8	4,353	6,558
Trade debtors and other receivables	9	1,931	3,175
Inventories	10	206	206
		6,489	9,939
<b>Non current</b>			
Property, plant and equipment	14	169,716	172,534
<b>Total assets</b>		<b>176,205</b>	<b>182,474</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade creditors and other payables	11	1,647	1,095
Employee entitlements	12	2,515	2,508
		4,163	3,603
<b>Non current</b>			
Employee entitlements	12	3,509	5,648
<b>Total liabilities</b>		<b>7,672</b>	<b>9,251</b>
<b>Equity</b>			
Retained earnings		147,695	153,431
Reserves	18	20,838	19,792
<b>Total equity</b>		<b>168,534</b>	<b>173,223</b>
<b>Total equity and liabilities</b>		<b>176,205</b>	<b>182,474</b>

These financial statements are approved for issue by the Trust Board as at 20 June 2013.



*The accompanying notes form part of these financial statements*

**The Church of Jesus Christ of Latter-Day Saints Trust Board**

**Statement of Cash Flows**

**For the year ended December 2012**

*In thousands of New Zealand Dollars*

	Note	Trust	
		2012	2011
<b>Cash flows from operating activities</b>			
Receipts from Church Head Office in USA		1,034	7,500
Grants and donations received		44,135	41,089
Receipts from sales income		1,093	1,238
Other receipts		3,106	1,747
Interest received		414	224
Payments to suppliers and employees		(44,981)	(46,447)
Net cash flows from operating activities	15	4,802	5,351
<b>Cash flows from investing activities</b>			
Purchase of investments		-	-
Proceeds from sale of property, plant and equipment		546	416
Purchase of property, plant and equipment		(7,553)	(6,547)
Net cash flows used in investing activities		(7,007)	(6,131)
<b>Net increase in cash and cash equivalents</b>		(2,205)	(781)
Cash and cash equivalents at beginning of year		6,558	7,339
<b>Cash and cash equivalents at end of year</b>		<b>4,353</b>	<b>6,558</b>



**Helping in the Community** - Church members in Hamilton, New Zealand helped to beautify Fairfield College's Aratiatia Marae 25 February 2012.

## **The Church of Jesus Christ of Latter-Day Saints Trust Board**

### **Notes to the financial statements**

#### **1 Reporting entity**

These financial statements comprise the financial statements of The Church of Jesus Christ of Latter-Day Saints Trust Board (the "Trust"), for the year ended 31 December 2012.

The Trust was created pursuant to a trust deed dated 9<sup>th</sup> May 1921 and was incorporated by private act of the New Zealand Parliament entitled the "Church of Jesus Christ of Latter-day Saints Empowering" Act (1957/1).

The Trust is a charitable trust incorporated under the Charities Trusts Act 1957, and registered under the Charities Act 2005, and therefore is exempt from income tax.

The principle activity of the Trust is to advance the work of The Church of Jesus Christ of Latter-day Saints (the "Church") in New Zealand by providing it with all temporal support that is required in that effort.

As a religious organisation, the Trust's purposes include the:

- *design, construction and maintenance of places of worship and other church facilities;*
- *provision of religious materials and education services;*
- *organization of disaster relief and other humanitarian aid projects;*
- *provision of counselling and other social services;*
- *training of missionaries and support of the Church's missionary program; and*
- *translation of religious and educational materials.*

None of the Trust's work is carried on for pecuniary profit.

The registered address of the Trust is 11 Huron Street, Takapuna, Auckland.

#### **2 Statement of compliance**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities, that qualify for and apply differential reporting concessions.

The Trust qualifies for Public Benefit reporting exemptions as its primary objective is to provide services to the community for social benefit and the Trust has been established with a view to supporting that primary objective rather than financial return. All available public benefit reporting exemptions available under NZ IFRS have been adopted.

### **3 Basis of preparation**

#### **(a) Basis of measurement**

The financial statements have been prepared on a historical costs basis, except financial assets stated at their fair value and defined benefit pension plan obligations measured at fair value.

Accrual accounting is used to recognise revenue and expenses and the financial statements have been prepared on a going concern basis.

#### **(b) Presentation currency**

The information is presented in New Zealand dollars.

#### **(c) Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

#### **(d) Comparatives**

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 31 December 2011 financial statements where appropriate to ensure consistency with the presentation of the current year's performance and results. No prior-period adjustments have been posted and the comparative net financial position and performance is consistent with that reported in the 31 December 2011 authorised financial statements.

#### **(e) Changes in accounting policy and disclosure**

The accounting policies adopted for the year ended 31 December 2012 are consistent with those of the previous financial year.

The Trust has reviewed changes to New Zealand equivalents to IFRS and IFRIC interpretations and advises that these will result in no change to previous reporting or that the changes are not applicable.

### **4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### **(a) Foreign currency translation**

The Trust holds financial assets denominated in foreign currencies. Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date, being the date when fair value is measured.

All realised and unrealised gains or losses on foreign currency translation are recognised in the Statement of Comprehensive Income.

#### **(b) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **(c) Trade and other receivables**

Trade and other receivables are measured at cost less any impairment losses.

A provision for impairment is established where there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

## **The Church of Jesus Christ of Latter-Day Saints Trust Board**

### **Notes to the financial statements**

#### **4 Significant accounting policies (continued)**

##### **(d) Inventories**

Inventories are stated at the lower of cost and net realisable value (being the net selling price), with due allowance for any damaged and obsolete stock items.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Any write down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Income.

##### **(e) Property, plant and equipment**

Property, plant and equipment is measured at cost or valuation, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

###### **(i) Capitalisation**

All items of plant, equipment and vehicles are capitalised if the individual value is greater than \$US10,000. All items with individual value below US\$10,000 are expensed.

###### **(ii) Additions**

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably.

###### **(iii) Disposal**

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the reported profit or loss.

###### **(iv) Depreciation**

Depreciation is charged on a straight-line basis on all property, plant and equipment (except for land) over the estimated useful life of the asset. Depreciation is charged to the profit or loss in the Statement of Comprehensive Income. The following depreciation rates have been applied to each class of property, plant and equipment:

Land and improvements	30 to 40 years (improvements only)
Buildings and improvements	30 to 40 years
Furniture and fittings	3 years
Plant and equipment	3 to 10 years
Motor vehicles	3 years

The residual value of property, plant and equipment is reassessed annually.

##### **(f) Trade and other payables**

Trade and other payables are measured at amortised cost using the effective rate interest method.

##### **(g) Provisions**

A provision is recognised when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

## **The Church of Jesus Christ of Latter-Day Saints Trust Board**

### **Notes to the financial statements**

A provision for onerous contracts is recognised when the expected benefits expected from the contract are lower than the unavoidable costs of meeting contract obligations.

#### **4 Significant accounting policies (continued)**

##### **(h) Employee entitlements**

###### **Short term benefits**

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Trust recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Trust anticipates that it will be used by staff to cover those future absences.

###### **Deseret Benefit Plan**

The Trust is the trustee of the Deseret Benefit Plan (the "Plan"), a registered superannuation scheme that provides employees of the Church with pension benefits on retirement. The Plan is a defined benefit pension scheme. As trustee of the Plan, the Trust is liable for any underfunded past service pension obligations.

The liability amount recognized for defined benefit pension scheme obligations (if any), at each reporting date, is determined by actuarial valuation; and is the net total of the present value of the defined benefit pension scheme obligation, plus any actuarial gains, minus past service costs as well as the fair value of the Plan assets out of which the obligations will be settled.

Past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested.

The rate used to discount pension plan benefit obligations is determined by the actuaries by reference to market yields at the end of the reporting period on high quality bonds. The currency and term of the corporate bond is consistent with the currency and estimated term of post employment benefit obligations.

Actuarial assumptions used in measuring fair value of defined benefit obligations are based on the Plan being a going concern at the balance sheet date. Actuarial assumptions are not adjusted for curtailment or settlement of the Plan, until this event

##### **(i) GST**

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Balance Sheet.

##### **(j) Income tax**

Due to its charitable status, the Trust is exempt from income tax.

##### **(k) Financial instruments**

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments and trade creditors and other payables. The Trust held no derivative financial instruments (i.e. hedging instruments) in the years reported.

## The Church of Jesus Christ of Latter-Day Saints Trust Board

### Notes to the financial statements

#### 4 Significant accounting policies (continued)

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

##### Financial assets

The subsequent measurement of financial assets depends on their classification. The Trust currently holds financial assets in one classification:

##### *(i) Loans and receivables*

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as *loans and receivables* include: trade debtors and other receivable balances, cash and cash equivalents and investments.

The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

##### Financial liabilities

All financial liabilities held by the Trust are designated as "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method.

The Trust has no off-balance sheet financial instruments.

##### Impairment of financial assets

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

##### **(i) Impairment**

The carrying amounts of the Trust assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

The estimated recoverable of assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Trust estimates the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

## The Church of Jesus Christ of Latter-Day Saints Trust Board

### Notes to the financial statements

#### 4 Significant accounting policies (continued)

##### (m) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Trust assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised:

##### Donations and grants

Donations and grants are recognised in the Statement of Comprehensive Income when received and all obligations associated with the donations and grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

Donated assets are recorded at their value at the date of donation. Like many other charitable organisations, the Trust often receives the benefit of people's time and service carried out free of charge, and this type of donation which cannot be readily quantified, is not recorded in the financial statements.

##### Sale of goods

Revenue from the sale of goods is recognized in the Statement of Comprehensive Income when the significant risk and rewards of ownership have been transferred to the buyer, usually on delivery of the goods. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

##### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

##### Interest

Interest revenue is recognised as the interest accrues (using the effective interest method).

##### Rental income

Income from the rental of property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

#### 5 Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

As the External Reporting Board is consulting on a new accounting standards framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 will not be applicable to public benefit entities. This means that the financial reporting requirements for public benefit entities are expected to be effectively frozen in the short term. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.



**Helping in the Community -**  
Church members help to plant  
trees near Owhiro Stream,  
Wellington (July 2012).

## Notes to the financial statements

### The Church of Jesus Christ of Latter-Day Saints Trust Board

In thousands of New Zealand Dollars

#### 6 Expenditure

Expenditure disclosed in the Statement of Comprehensive Income includes:

Audit fees - for financial statement audit  
- for other services

Bank fees

Donations

Minimum lease payments - operating leases

Redundancy expenses

2012	2011
-	-
-	-
46	54
165	71
2,732	2,089
-	-

Donations above relate to payments made by the Trust Board on behalf of other Church entities in the Pacific Area.

#### 7 Remuneration and other employee benefits

Salaries and Wages

Redundancy expenses

Other employee benefit expenses

2012	2011
14,890	13,744
-	-
3,776	3,642
<b>18,666</b>	<b>17,386</b>

#### 8 Cash and cash equivalents

Cash at bank and in hand

At call funds

Short term deposits

2012	2011
1,882	979
860	3,906
1,611	1,674
<b>4,353</b>	<b>6,558</b>

Cash at bank earns interest at floating rates on daily deposit balances.

Short term deposits are made for varying periods of between six months and one year depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

The Church has a commitment with the Bank of New Zealand in the amount of \$150,000 as security against payroll and other items (2011: \$150,000)

Cash and cash equivalents include the following funds held in

Maori Agricultural College Memorial Scholarship Fund

Blair Johnson Education Trust

George Terry Trust

David Fisher Trust

Genealogical Trust

Area Education Fund

2012	2011
50	46
88	141
903	921
15	15
311	302
244	249
<b>1,611</b>	<b>1,674</b>

## Notes to the financial statements

### The Church of Jesus Christ of Latter-Day Saints Trust Board In thousands of New Zealand Dollars

#### 9 Trade debtors and other receivables

	Trust	
	2012	2011
Trade receivables	874	991
GST receivable	1,369	2,561
Related party receivables	-	-
Other receivables	161	128
Less allowance for doubtful debts	(473)	(504)
	<b>1,931</b>	<b>3,175</b>

#### Allowance for doubtful debts:

	Trust	
	2012	2011
Opening balance	(501)	(502)
Doubtful debts collected	4	7
Current year provision movement	24	(6)
	<b>(473)</b>	<b>(501)</b>

All trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers. The carrying amount of trade and other receivables approximates their fair value.

As at 31 December 2012 there were no significant debtor balances overdue (i.e. greater than 30 days) that had not been provided for.

#### 10 Inventories

	Trust	
	2012	2011
Family Resource centre supplies	206	206
	<b>206</b>	<b>206</b>

#### 11 Trade creditors and other payables

	Trust	
	2012	2011
Trade creditors	95	119
Related party payables	-	-
Accrued expenses and other payables	1,553	976
	<b>1,647</b>	<b>1,095</b>

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

#### 12 Employee benefit liabilities

	Trust	
	2012	2011
Deseret benefit plan liability	3,509	5,648
Accrued redundancy expenses	359	359
Annual leave	1,236	1,085
Other payroll deductions	920	1,064
	<b>6,024</b>	<b>8,156</b>
<i>Employee benefits liabilities have been allocated to the balance sheet as follows:</i>		
Current	2,515	2,508
Non-current	3,509	5,648
	<b>6,024</b>	<b>8,156</b>

## Notes to the financial statements

### The Church of Jesus Christ of Latter-Day Saints Trust Board

#### 12 Employee benefit liabilities (continued)

In 2006, the Trust Board announced the closure of the Church College of New Zealand. This has resulted in \$0 (2011:\$0) of redundancies being paid during the year and a provision of \$359,040 (2011:\$359,040) for redundancy benefits accruing at year end.

#### 13 Deseret Benefit Plan

The Deseret Benefit Plan is a registered superannuation scheme that provides employees of the Church with pension benefits on retirement. Usually a member may exchange up to 25% of their pension for a lump sum, although full commutation is allowed in some cases. The Plan closed on the 31 December 2012 and no longer accepts new members.

Members contribute at a rate of 4% of their salaries. They can also make additional voluntary contributions at their own discretion. Member voluntary contributions attract a subsidy of two thirds of the member's voluntary contribution amount, subject to a maximum of 2% of salary less contribution tax.

The Church's contributions are determined by the Church after considering the advice of the Plan's actuary. Based on the actuary's advice from the latest statutory valuation carried out as at 1 April 2012 the Church is currently contributing at a rate of 16.9% of members' salaries, including ESCT. In addition the Church reimburses the Plan for the pensions paid to the disability pensioners.

##### Methodology

Membership information as at 31 March 2012 and 31 March 2011 has been used to determine the benefit obligation. The benefit obligation at 31 December 2012 has been 'rolled forward' from the 31 March liability position as this is the Plan's review date.

The value of the Plan assets at 31 December 2012 has been based on the financial statements at 31 March 2012 then adjusted for cash flows and an estimate of the investment return for the 9 months to 31 December 2012.

Tax on the Plan's investment income has been allowed for by using a discount rate net of investment tax at 28%. ESCT has been allowed for by adjusting the net asset in the balance sheet and the pension expense for contributions tax.

All actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

##### Membership information

Membership information is extracted from Mercer's administration records and a summary as at 31 March provided below:

	2012	2011
<u>Membership</u>		
Disability pensioners	2	3
Active members	138	127
Pensioners	102	106
<u>Average age</u>		
Active members	49.4	48.3
Pensioners	72.6	72.1
<u>Average pension and salary per annum</u>		
Average pension of pensioners	\$ 9,706	\$ 9,193

##### Assumptions

The discount rate is the annualised New Zealand Government 10 year bond rate adjusted for investment tax of 28%. We have used 2.8% and 2.9% as at 31 December 2011 and 31 December 2012 respectively.

The expected future return on the Plan's assets, net of tax and all expenses is 4.8% (2011: 4.8%)

## Notes to the financial statements

### The Church of Jesus Christ of Latter-Day Saints Trust Board

In thousands of New Zealand Dollars

#### Deseret Benefit Plan (continued)

Member pensioner mortality has been based on NZLT 2005-2007 mortality tables, set back by 1 year. This is similar to the 1 April 2009 statutory valuation and the 2011 IAS valuation. No allowance has been made for future mortality improvements.

The pension increase rate is nil in line with the International Benefit Committee's decision that future increases will not be considered except in extraordinary circumstances (2011: 0%).

The salary inflation rate has been assumed to be 4.0% pa; this was 4.5% in 2011.

Retirement age is assumed to be 60 years.

Members are assumed to commute 25% of their pension entitlement for a lump sum at retirement using current commutation factors.

ESCT is assumed to be 33% for all beneficiaries in the future.

#### Accounting Policy

Actuarial gains and losses are recognised in Statement of Comprehensive Income in the year in which they occur.

#### Plan information

Active members have Defined Benefit style benefits with a pension payable on retirement, although partial commutation is allowed. Members can also contribute to a subsidised voluntary accumulation section. In addition, the Plan has pensioner and disability pensioner members.

#### Reconciliation of the Present Value of the Defined Benefit Obligation

As trustee of the Pension Plan, the Trust is liable for any under-funded past service pension obligations.

#### Net funding position

Present value of defined benefit obligations
Fair value of scheme assets
<b>Liability</b>
Contributions tax
<b>Liability with contributions tax</b>

2012	2011
35,968	32,808
33,615	29,024
2,351	3,784
1,158	1,864
<b>3,509</b>	<b>5,648</b>

#### Reconciliation of the present value of defined benefit obligations

Balance at beginning of year
Current service cost (net of member contributions)
Interest cost
Contributions by scheme participants
Actuarial (gains)/ losses
Benefits paid

32,808	31,928
1,313	1,140
934	1,347
639	586
1,635	(159)
(1,363)	(2,034)
<b>35,968</b>	<b>32,808</b>

#### Reconciliation of fair value of plan assets

Balance at beginning of year
Expected return on plan assets
Actuarial (gains)/ losses
Employer contributions (net of contribution tax)
Contributions by scheme participants
Benefits paid

29,024	29,006
1,390	1,506
2,522	(1,427)
1,403	1,387
639	586
(1,363)	(2,034)
<b>33,615</b>	<b>29,024</b>

## Notes to the financial statements

### The Church of Jesus Christ of Latter-Day Saints Trust Board In thousands of New Zealand Dollars

#### Deseret Benefit Plan (continued)

##### Expense recognised in income statement

	2012	2011
Service cost (net of member contributions)	1,313	1,140
Interest cost	934	1,347
Expected return on plan assets	(1,390)	(1,506)
Recognised actuarial loss/ (gain)	(887)	1,268
<b>Superannuation expense</b>	<b>(30)</b>	<b>2,249</b>
Contributions tax	(15)	1,108
<b>Superannuation expense plus contributions tax</b>	<b>(45)</b>	<b>3,357</b>

##### Movement in net liability recognised in the balance sheet

Opening balance	5,648	4,361
Superannuation expense plus contributions tax	(45)	3,357
Employer contributions including contributions tax	(2,094)	(2,070)
	<b>3,509</b>	<b>5,648</b>

##### Plan assets

The percentage invested at each class at the balance sheet date:

NZ shares	21%	19%
Global shares	36%	29%
Global fixed interest	12%	14%
NZ fixed interest	10%	12%
Property	11%	10%
Cash	9%	16%
	<b>100%</b>	<b>100%</b>

The fair value of plan assets includes no amounts relating to:

- Any of the employers' own financial instruments.
- Any property occupied by, or other assets used by, the employer.

The expected return on plan assets is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class. The returns used for each class are net of investment tax and all expenses.

#### Actual return on plan assets

	2012	2011
	3.912	79
	2.90%	2.80%
	4.00%	4.50%
	4.80%	5.20%
	NZLT 05/07 - 1 & improvements	NZLT 05/07 - 2

#### Principal actuarial assumptions at the balance sheet date

Discount rate	2.90%	2.80%
Salary rate increase	4.00%	4.50%
Expected rate of return on plan assets, net of all expenses (start of period)	4.80%	5.20%
Pensioner mortality tables	NZLT 05/07 - 1 & improvements	NZLT 05/07 - 2

#### Historical information

Present value of defined benefit obligation	35,966	32,808
Fair value of scheme assets	33,615	29,024
(Surplus)/ deficit in scheme	2,351	3,784
Experience adjustments (gain)/ loss - scheme assets	(2,522)	1,427
Experience adjustments (gain)/ loss - scheme liabilities	194	(26)
Assumptions change (gain)/ loss - scheme liabilities	1,441	(133)
Limitation on net asset (gain)/ loss	-	-

#### Expected contributions

	2012	2011
Expected employer contributions net of contributions tax	1,218	1,278

**Notes to the financial statements**

**The Church of Jesus Christ of Latter-Day Saints Trust Board**  
*In thousands of New Zealand Dollars*

**14 Property, plant and equipment**

31 December 2012

Cost	Land and improvements	Buildings and improvements	Furniture and fittings	Equipment	Vehicles	Total
Balance 1 January 2012	60,090	198,318	133	331	5,888	264,761
Additions	3,423	1,571	123	70	2,163	7,350
Disposals	(208)	(214)	(18)	-	(1,385)	(1,825)
Balance 31 December 2012	63,305	199,675	238	401	6,667	270,286
<b>Accumulated depreciation and impairment</b>						
Balance 1 January 2012	(20,241)	(69,391)	(96)	(239)	(2,260)	(92,227)
Depreciation expense	(2,028)	(6,677)	(55)	(98)	(451)	(9,308)
Written back on disposal/adjusted for residual values	1	128	18	-	818	965
Balance 31 December 2012	(22,268)	(75,940)	(133)	(336)	(1,893)	(100,570)
Carrying amount 31 December 2012	41,037	123,734	106	65	4,774	169,716

As at 31 December 2012 all property, plant and equipment of the Group was held by the Trust.

All items of plant, equipment and vehicles are capitalised only if the individual value is greater than US\$10,000. All items with individual value below US\$10,000 are expensed. Amount expensed 2012 \$1,866,005 (2011: \$1,754,784)

**Notes to the financial statements**

**The Church of Jesus Christ of Latter-Day Saints Trust Board**  
*In thousands of New Zealand Dollars*

**Property, plant and equipment (continued)**

31 December 2011

Cost	Land and improvements	Buildings and improvements	Furniture and fittings	Equipment	Vehicles	Total
Balance 1 January 2011	57,680	194,711	153	300	5,551	258,395
Additions	2,410	3,607	-	102	1,424	7,543
Disposals	-	-	(20)	(71)	(1,087)	(1,178)
Balance 31 December 2011	60,090	198,318	133	331	5,888	264,761
<b>Accumulated depreciation and impairment</b>						
Balance 1 January 2011	(18,905)	(63,367)	(77)	(233)	(3,578)	(86,160)
Depreciation expense	(1,336)	(6,024)	(19)	(76)	(754)	(8,209)
Written back on disposal	-	-	-	70	2,072	2,142
Balance 31 December 2011	(20,241)	(69,391)	(96)	(239)	(2,260)	(92,226)
Carrying amount 31 December 2011	39,849	128,927	37	93	3,628	172,534

As at 31 December 2011 all property, plant and equipment of the Group was held by the Trust.

## Notes to the financial statements

### The Church of Jesus Christ of Latter-Day Saints Trust Board

In thousands of New Zealand Dollars

#### 15 Reconciliation of profit for the year to net cash flows from operations

	Trust	
	2012	2011
Surplus for the year	(6,324)	1,064
Other comprehensive income	1,635	(1,268)
<i>Non cash items</i>		
Depreciation	10,372	6,247
Movement in Equity	-	22
<i>Items classified as investing activities</i>		
Gain/(loss) on disposal of property, plant and equipment	(546)	(416)
Increase/decrease in investment	-	-
<i>Movement in working capital</i>		
Decrease/(increase) in trade and other payables	553	(604)
Decrease/(increase) in employee entitlements	(2,132)	1,307
Increase/(decrease) in trade debtors and other receivables	1,245	(1,001)
Increase/(decrease) in inventories	-	-
<b>Net cash flow from operating activities</b>	<b>4,801</b>	<b>5,351</b>

#### 16 Lease commitments

	Trust	
	2012	2011
<b>Operating lease commitments payable</b>		
<i>Minimum lease payments under non-cancellable operating</i>		
Not later than one year	570	509
Between one and two years	563	418
Two years to three years	317	147
	<b>1,450</b>	<b>1,074</b>

The Trust leases property, plant and equipment in the normal course of its operations. Leases can be renewed at the Trust's option.

#### 17 Capital Management

Capital includes retained earnings of the Trust. The primary objective of the Trust's capital management policy is to ensure working capital is maintained in order to support its activities. The Trust manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduced to ensure external financing is not required.



**Helping in the Community -** Church members on New Zealand's North Shore made more than 700 colourful heart-shaped pillows for mastectomy patients and presented these with love to Whangaparaoa's Gerti Weber, who started New Zealand's Heart Pillow Project earlier this year. The small heart-shaped pillows are designed to be used under the arm of patients recovering from surgery such as mastectomy. (November 2012)

# **The Church of Jesus Christ of Latter-day Saints Trust Board**

## **Notes to the financial statements**

*In thousands of New Zealand Dollars*

### **18 Equity reserves**

	Opening	Transfer from/(to) retained earnings	Closing
<b>2012</b>			
Missionary Funds	19,670	1,003	20,673
Book of Mormon Fund	120	16	136
Humanitarian Aid Fund	2	-	2
Temple Funds	-	-	-
Restricted Funds	-	28	28
	<u>19,792</u>	<u>1,046</u>	<u>20,838</u>

	Opening	Transfer from/(to) retained earnings	Closing
<b>2011</b>			
Missionary Funds	18,618	1,052	19,670
Book of Mormon Fund	103	17	120
Humanitarian Aid Fund	2	-	2
Temple Funds	313	(313)	-
Restricted Funds	-	-	-
	<u>19,036</u>	<u>756</u>	<u>19,792</u>

All movements to and from Equity Reserves are through the Retained Earnings equity account in the Statement of Changes in Equity. No equity reserve movements are taken directly to equity and movements in equity reserves do not impact the Statement of Comprehensive Income.

#### **Missionary Funds**

The missionary support fund represents donations from the members in New Zealand towards the costs of the Church's worldwide missionary fund program which is co-ordinated and administered by The Corporation of the President of The Church of Jesus Christ of Latter-day Saints. Funds authorised for specified missionaries serving in New Zealand are released evenly over their mission term of either 18 months or two years. Currently, donations received from members is not adequate to cover the expenses associated with missionaries serving in New Zealand. The "shortfall" is funded from the unrestricted funds and brings the balance of this fund at year end to "nil."

#### **Book of Mormon Fund**

These funds are donated by the members towards the production and distribution costs of The Book of Mormon Another Testament of Jesus Christ. These expenses are recorded by The Church of Jesus Christ of Latter-day Saints in Salt Lake City.

#### **Humanitarian Aid Fund**

These funds are donated by the members to help fund the program of Humanitarian Aid approved by The Church of Jesus Christ of Latter-day Saints for aid throughout the world. Currently, donations received from members is not adequate to cover the expenses associated with aid received in New Zealand. The "shortfall" is funded from the unrestricted funds and brings the balance of this fund at year end to "nil."

#### **Temple Funds**

These funds are donated by the members towards the cost of constructing temples by The Church of Jesus Christ of Latter-day Saints in any country throughout the world.

#### **Restricted funds**

The Church operates a number of Restricted Funds to record amounts received over the years through bequests and testaments from members, the use of which is restricted. The bequest and testaments can only be used in accordance with benefactor's specific directions. The interest earned on the bequest and testaments is added to the original fund and similarly may only be used in accordance with the benefactor's specific directions.

## The Church of Jesus Christ of Latter-Day Saints Trust Board

### Notes to the financial statements

*In thousands of New Zealand Dollars*

#### 19 Related parties

##### (a) Parent and ultimate controlling party

The ultimate controlling party of the Trust is The Church of Jesus Christ of Latter-day Saints Trust Board.

##### (b) Transactions with related parties

The Trust has a related party relationship with its Church Head Office in Salt Lake City, USA.

The Trust receives grants from the Church Head Office in Salt Lake City, USA, which subsidises part of the Trust's costs in performing its services. These amounts are recorded as grant income and is reported within the category of other revenue in the Statement of Comprehensive Income. Grant income totaled \$1.0 million during the year ended 31 December 2012 (2011: \$7.5 million).

In the past the Trust has also purchased items from the Church Head Office for distribution throughout New Zealand and the Pacific Islands. These amounts are recorded as grant expense and is reported within donations in the other expense category in the Statement of Comprehensive Income. These amounts totaled \$0.15 million during the year ended 31 December 2012 (2011: \$0.3 million).

##### (c) Key management personnel

The Trust and Group has a related party relationship with its trustees, directors and executive officers.

	Trust	
	2012	2011
Trustee fees	-	-
Executive management remuneration	1,010	987

Total remuneration paid to key management personnel is made up of short-term employee benefits. No other post employment benefits, termination benefits or long term benefit arrangements have been expensed in the years reported.

#### 20 Financial instruments

The carrying amount of all material balance sheet assets and liabilities are considered to be equivalent to their fair value. The Trust has no off balance sheet financial instruments.

All financial assets held by the Trust are classified as "loans and receivables" and carried at cost less accumulated impairment losses or "financial instruments at fair value through profit or loss."

All financial liabilities are measured at amortised cost using the effective interest rate method.

**The Church of Jesus Christ of Latter-Day Saints Trust Board**

**Notes to the financial statements**

*In thousands of New Zealand Dollars*

**20 Financial instruments (continued)**

**(a) Risk management analysis**

The Trust is exposed to various risks in relation to financial instruments. The main types of risk are credit risk and liquidity risk. The Trust has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into.

**(i) Credit risk**

Credit risk is the risk that a third party default on its obligation to the Trust, causing the Trust to incur losses. The Trust has no significant concentration of credit risk in relation to cash and accounts receivable. The Trust does not expect the non-performance of any obligations at balance date. The carrying amount of trade and other receivables represents the Trust's maximum exposure to credit risk at balance date.

The Trust at balance date has no accounts receivable past due, that have not been provided for.

**(ii) Liquidity risk**

Liquidity risk represents the Trust's ability to meet its contractual obligations as they fall due. The Trust manages liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover potential short falls.

<b>Trust 2012</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6 - 12 months</b>	<b>Greater than 12 months</b>
<i>Contractual cash flows of financial instruments held</i>					
<b>Assets</b>					
Cash and cash equivalents	4,353	4,353	4,353	-	-
Trade debtors and other receivables	1,931	1,931	1,931	-	-
Investments	-	-	-	-	-
	6,284	6,284	6,284	-	-
<b>Liabilities</b>					
Trade and other payables	1,647	1,647	1,647	-	-
Operating leases	-	1,450	285	285	563
Capital commitments	-	1,998	1,998	-	-
	1,647	5,095	3,930	285	563
<b>Net liquidity position</b>	<b>4,636</b>	<b>1,188</b>	<b>2,353</b>	<b>(285)</b>	<b>(563)</b>

<b>Trust 2011</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6 - 12 months</b>	<b>Greater than 12 months</b>
<i>Contractual cash flows of financial instruments held</i>					
<b>Assets</b>					
Cash and cash equivalents	6,558	6,558	6,558	-	-
Trade debtors and other receivables	3,175	3,175	3,175	-	-
Investments	-	-	-	-	-
	9,734	9,734	9,734	-	-
<b>Liabilities</b>					
Trade and other payables	1,095	1,095	1,095	-	-
Operating leases	-	1,074	255	255	418
Capital commitments	-	580	580	-	-
	1,095	2,749	1,930	255	418
<b>Net liquidity position</b>	<b>8,639</b>	<b>6,985</b>	<b>7,805</b>	<b>(255)</b>	<b>(418)</b>

## The Church of Jesus Christ of Latter-Day Saints Trust Board

### Notes to the financial statements

In thousands of New Zealand Dollars

#### Financial instruments (continued)

##### (b) Financial instrument classification

All financial assets held by the Trust are classified as loans and receivables and measured at cost.

All financial liabilities held by the Trust are classified as loans and receivables and measured at amortised cost using the effective interest rate method.

##### 21 Capital commitments

The Trust has capital commitments at balance date of \$1,998,606 (2011: \$580,000).

##### 22 Contingent liabilities

The Trust has no contingent liabilities at balance date (2011: Nil).

##### 23 Subsequent events

There were no subsequent events.

##### 24 Audit

The Financial Statements have not been audited.

To learn more about *the Church of Jesus Christ of Latter-day Saints*, to find out about our beliefs and what we do, and to see stories about our members who live in your communities: - go to [www.mormon.org](http://www.mormon.org)

*Here are some snapshots from that site:*

#### WHO WE ARE

The Church of Jesus Christ of Latter-day Saints is the official name of the religion commonly called the Mormon Church. We believe first and foremost that Jesus Christ is the Savior of the world and the Son of God.

While our backgrounds and experiences are diverse, Mormons are united by a commitment to Jesus Christ. This site features members of The Church of Jesus Christ of Latter-day Saints sharing their stories and telling what their faith means to them.

> [Learn more about our faith](#)

#### I WANT TO:

- > [Learn more about Jesus Christ](#)
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- > [Chat with Church representatives](#)
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#### Request a free copy of the Book of Mormon

The Book of Mormon: Another Testament of Jesus Christ is a record of God's dealings with the inhabitants of ancient America (Learn more about the Book of Mormon).

To request missionaries to deliver your free copy and share a message, please complete the form below. Or you can also read or listen to the Book of Mormon online. The book is a gift from The Church of Jesus Christ of Latter-day Saints.

